

**Testimony by William L. Beckman, Manager  
Consumers Energy Environmental and Laboratory Services  
House Natural Resources, Great Lakes, Land Use and Environment Committee  
April 28, 2005**

Thank you, Mr. Chair and members of the Committee for the opportunity to address you today on behalf of Consumers Energy. My name is William Beckman and I am the Manager of Consumer's Energy's Environmental and Laboratory Services. Consumers Energy provides natural gas and electricity to more than six million of the state's 10 million residents in all 68 Lower Peninsula counties. We've been headquartered in Jackson since we began business in 1886.

Consumers Energy supplies about one third of Michigan's electricity. To ensure a reliable, available, and affordable energy supply for our economy, Michigan has a diverse fuel mix. 57% of Michigan's electricity comes from coal, 26% from nuclear and 13% from natural gas with about 4% coming from oil, hydro and renewables.

At Consumers Energy, we take seriously our role in protecting and enhancing the environment and the economic well-being and the quality of life of all the communities we serve. This includes providing reliable, available and affordable energy for our customers. Linking these three components together, we have a corporate culture that thinks about, plans for, and takes action to strike a balance on what we call the 3 E's: Environment, Energy, and the Economy. Each of these is linked to each other.

Our purpose today is not to advocate for or against any particular environmental policy or regulation, but to offer ourselves as a resource as you move forward in setting policies that impact these areas.

As we have watched our economy grow in recent decades, we have seen a significant increase in energy use. A growing economy depends on a good supply of electricity. We are driving more cars, using more electricity, and building new homes and businesses. Consumers Energy customers are using 8% more electricity than they did 10 years ago.

We clearly recognize that our business of generating electricity has an impact on the environment. While there is a perception that air quality is declining, it actually has substantially improved over the past decades. Since 1970, we in Michigan have seen significant reductions in particulate matter, sulfur dioxide and nitrogen oxides. Prior to the new standards for particulate matter and ozone becoming effective, Michigan was the largest industrialized State to reach attainment for all 6 criteria pollutants listed under the Clean Air Act – a major, positive achievement. Consumers Energy is investing over \$800 million to add pollution controls to our major generating facilities to meet current requirements. As the next generation of air regulations begins to take final shape, we are committed to doing even more.

As we look to the future, the challenge for us and for you as policy makers is to keep the economy growing while protecting the environment. A challenge for us is that our fleet is aging and it is getting harder to retrofit and add on additional control technologies. We are no longer addressing the black plume that emits from the stacks of the 1970's, but trying to remove pollutants that we can't see and that are difficult to monitor or measure.

Therefore, as we look to the future, we believe that the construction of the next generation of power plants will be the most effective use of capital to achieve environmental improvements. Likely, the core of this generation will continue to be fueled by coal. It is domestic, abundant, cost effective, and we are finding newer and cleaner technologies to use it to generate electricity.

New base-load generation will also help fuel the economy in Michigan. There is a Capacity Needs Forum currently underway at the Michigan Public Service Commission to determine whether future capacity is adequate and how to move forward to assure Michigan has enough base-load generation in the next 5-7 years. It is important to note that it typically takes 6 years to build a coal-fired power plant. As Michigan begins long-term planning for the next generation, it is important to remember that the environmental policy decisions made in this committee and the legislature as a whole will greatly shape the direction that the industry will take in planning whether or not to build new generation in this state.

You are the policy makers and your job is to set the policy for the state of Michigan. Our job is to help inform you what impacts those policies could have on the environment, economy, and energy. We look forward to working with you.

We will be leaving copies of our formal presentation on the 3 E's which you may want to peruse at your convenience. We would be happy to meet or discuss with you any questions you might have.